OFFICE OF DEBT COLLECTION MANAGEMENT'S IMPLEMENTATION OF THE COLLECTION LITIGATION AUTOMATED SUPPORT SYSTEM

EXECUTIVE SUMMARY

The Department of Justice's (Department) Office of Debt Collection Management (DCM) tracks all civil debts referred by other federal agencies to the Department for litigation and collection. As of September 30, 1999, the balance of civil debts owed totaled about $3.2 billion.[1] The 94 United States Attorneys Offices (USAOs) and the Department's litigating divisions collect the majority of the referred civil debts. The Department has also contracted with 18 Private Counsel offices in 7 judicial districts to supplement its debt collection efforts.[2]

In past years, the Department components have used multiple automated systems to track and manage civil debts. For example, most of the USAOs used the Tracking Assistance for the Legal Office Network (TALON) system. Many of the Private Counsels and some of the USAOs used a system named COLLECTOR to manage and track civil debts. History has shown that the Department has had a poor record of managing debts using these systems. Accordingly, as detailed below, beginning in 1996 the Department re-focused its debt collection efforts with regard to the use of automated systems to manage and track civil debts.

- In 1996, the Department was in need of a new centralized system to track and manage debts owed to the United States. The Department was faced with the options of: (1) re-engineering a mechanized system already under deployment, (2) building a proprietary system from scratch, or (3) purchasing an existing system and modifying it to meet the needs of the Department.

- Late in 1996, the Department contracted with KEANE Federal Systems to provide an independent analysis of the three options. The contractor's report, issued in December 1996, concluded that the most cost efficient and least risky option to meet the Department's mission critical requirements was to purchase an existing system and modify it, the third option. The Department selected this option.

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[1] As of January 22, 2001, the September 30, 1999, data was the latest available.

[2] The Department contracts with private law firms (Private Counsel offices) to assist in collecting outstanding debts on behalf of the United States.

- In July 1997, the Justice Management Division's Procurement Services Staff issued a request for proposals for an automated debt collection management system to track and manage referred debts.

- In May 1998, the Department awarded a contract to CACI-IMS, Incorporated, (CACI) to provide an automated debt collection management system known as the Collection Litigation Automated Support System (CLASS). CLASS was to replace the civil debt collection systems within the USAOs and Private Counsels, and ultimately within all Department components. The contract required CACI to implement CLASS in two phases, with a third phase optional. During phase I, CACI was required to implement and test the system within 7 USAOs and 18 associated Private Counsel offices. The contract required phase I to be completed by November 30, 1998. During phase II, CACI was required to implement the system in the remaining 87 USAOs. The contract required phase II to be completed by March 31, 1999. If CLASS proved successful in managing the civil debts in the 94 USAOs, a phase III option would expand the system to the Department's litigating divisions, additional Private Counsel offices, other Department users, and other agencies external to the Department, such as the Administrative Office of the United States Courts.

Our audit assessed the status of CLASS implementation. As of October 1, 2000, phase I of the contract had been completed as CLASS had been implemented in the 7 USAOs and 18 associated Private Counsels. However, phase II had not been completed because CLASS had been implemented in only 2 of the remaining 87 USAOs. As such, DCM was at least 18 months behind schedule in implementing CLASS and had incurred more than $4.6 million in additional costs. DCM management could not project a completion date and estimated monthly additional costs of more than $400,000 pending completion. Delays resulted from management indecision, changes in telecommunications requirements, and disagreements between the DCM office and the Executive Office for United States Attorneys (EOUSA) about CLASS's capabilities.

After the disputes between DCM and EOUSA over competing debt collection systems had been unresolved for more than a year, and after we informally communicated our concerns to DCM officials, the Assistant Attorney General for Administration (AAG/A) took action in early December 2000. The AAG/A established a team of independent consultants, referred to as the "Red Team," to perform a study of the systems in use by the USAOs and Private Counsels and to recommend the system that best meets the Department's requirements. The Red Team's report, issued on January 19, 2001, recommended that CLASS be modified and used as the single debt collection

system for the Department. After the report was issued, we were informed by DCM officials that the AAG/A and the Director of EOUSA agreed, for the most part, with the recommendations made in the study. However, we have not received documentation to substantiate the statement.

In addition to the delays in implementing CLASS, we also determined that during CLASS's initial implementation phase, non-financial data was not accurately migrated from TALON to CLASS in two districts. Upon our disclosing the errors to the contractor, it took prompt action to correct the data and the program deficiency that caused most of the errors. We also found that:

- timeliness of entering debt-related data into CLASS by the Private Counsel offices could usually not be determined because most offices did not record when incoming documents were received.

- summary debt collection reports contained material discrepancies.

To assess users' satisfaction, we visited all 7 USAOs and 12 of the 18 Private Counsel offices using CLASS and found that users were generally satisfied with most of the system's features. However, many users were dissatisfied with CLASS's method of generating documents and tracking "joint/several" liability cases. These features allow the collectors to mechanically generate required collection documents and account for loans that have multiple debtors liable for the same debt.

The details of our audit work are contained in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are contained in Appendix I.

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INTRODUCTION

Background

      The federal government guarantees loans and lends money to citizens through many financial programs, including loans to students and small businesses. When the debts are in default and cannot be collected through conventional means, creditor agencies (agencies owed the debt) refer the debts to the Department of Justice (Department) for collection. As the federal government's principal litigator, the Department sues the defaulting debtors and obtains and enforces judgments against those debtors.

      Litigation and debt collection authority for the debts are assigned to the 94 United States Attorneys Offices (USAOs) and other litigating divisions within the Department, such as the Civil Division and Tax Division. The USAOs litigate the majority of referred cases and collect the largest amount of delinquent debts, fines, penalties, and forfeitures. Additionally, the Federal Debt Recovery Act of 1986 authorized a pilot project for the Department to contract with Private Counsel offices in seven judicial districts to supplement the efforts of the USAOs by collecting outstanding debts in smaller dollar cases. The majority of cases assigned to the Private Counsel offices are Department of Education loans. As of September 30, 1999[3], the balance of civil debts to be collected by the Department totaled about $3.2 billion, as shown below.

Balance of Civil Debts Owed
as of September 30, 1999

Private Counsel Offices	$404,985,000
USAOs	$1,999,000,000
Environment and Natural Resources Division	$6,000,000
Tax Division	$241,000,000
Civil Division	$565,000,000
Civil Rights	$171,000
Antitrust Division	$40,000
Total	$3,216,196,000

      In past years, the Department components have used multiple automated systems to track and manage civil debts. At times, even different offices within the same component used different automated systems to manage and track civil debts. For example, most of the USAOs used the Tracking Assistance for the Legal Office Network (TALON) system. The Private Counsels and some of the USAOs used a system named COLLECTOR to manage and track civil debts. History has shown that the Department has had a poor record of managing debts using these systems. Accordingly, in 1996,

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[3] As of January 22, 2001, the September 30, 1999 data was the latest available.

the Department focused its debt collection efforts with regard to the use of automated systems to manage and track civil debts.

The Department was faced with the options of: (1) re-engineering a mechanized system already under deployment, (2) building a proprietary system from scratch, or (3) purchasing an existing system and modifying it to meet the needs of the Department. Late in 1996, the Department contracted with KEANE Federal Systems to provide an independent analysis of the three options. The contractor's report, issued in December 1996, concluded that the most cost efficient and least risky option to meet the Department's mission critical requirements was to purchase an existing system and modify it, the third option. The Department selected this option.

In July 1997, the Justice Management Division's Procurement Services Staff issued a request for proposals for an automated debt collection management system to track and manage referred debts. The Department required the new system to have, as its centerpiece, a computer system with a database containing information about debts owed to the federal government that have been referred to the Department for litigation. The system also had to be capable of communicating electronically with all USAOs, the Department's litigating divisions, and all associated Private Counsel offices. In May 1998, the Department awarded a contract to CACI-IMS, Incorporated (CACI) to provide an automated debt collection management system. The system that was selected uses London Bridge Software Solutions' Recovery Management System (RMS), an "off-the-shelf" software program widely used by the credit and collections industry. CACI was to work with London Bridge to customize its RMS software to meet the majority of the data management system requirements. CACI would meet the remaining requirements by creating individual modules that would interface with the RMS. The Department named the full system the Collection Litigation Automated Support System (CLASS). CLASS was to replace the civil debt collection systems within the USAOs and Private Counsels, and ultimately within all Department components.

The contract required CACI to implement CLASS in two phases, with a third phase optional. During phase I, CACI was required to implement and test the system within 7 USAOs and 18 associated Private Counsel offices. The contract required phase I to be completed by November 30, 1998. During phase II, CACI was required to implement the system in the remaining 87 USAOs. The contract required phase II to be completed by March 31, 1999. If CLASS proved successful in managing the civil debts in the 94 USAOs, a phase III option would expand the system to the Department's litigating divisions, additional Private Counsel offices, other Department users, and other agencies external to the Department, such as the Administrative Office of the United States Courts.

Our audit assessed the status of CLASS's implementation.

Prior Audit Reports

No prior audits have been conducted on CLASS.

FINDINGS AND RECOMMENDATIONS

I. CLASS HAS NOT BEEN TIMELY IMPLEMENTED

As of October 1, 2000, DCM was 18 months behind schedule in implementing CLASS and, by its own estimates, had incurred more than $4.6 million in additional costs as a result of the delays. Moreover, DCM management was unable to provide us with a realistic date of when CLASS would be fully implemented. The Department continues to incur additional costs of more than $400,000 for each month that the system is delayed. The primary reasons for the delay are: (1) ongoing disagreements between the DCM office and the Executive Office for United States Attorneys (EOUSA) concerning the ability of the system to meet the needs of EOUSA users, (2) the lack of direction and involvement from Department management towards implementation of the system, and (3) changes in the telecommunications requirements after the contract was awarded. Because of the delays, DCM did not meet the performance goals it established for the project under the Government Performance and Results Act of 1993 (GPRA).

The contract with CACI to implement CLASS was awarded on May 18, 1998, for an amount not to exceed $43.6 million. A total of $4,510,140 was obligated at the time of contract award to implement the first two phases of the contract. The contract required CACI to complete phase I -- implementing CLASS in 7 USAOs and the 18 associated Private Counsel offices -- by November 30, 1998. The contract required CACI to complete phase II -- implementing CLASS in the remaining 87 USAOs -- by March 31, 1999. However, phase I was not completed until May 9, 1999, more than 5 months behind schedule. According to DCM officials, the delay in completing Phase I was primarily due to changes in the telecommunications requirements within the Department after the contract was awarded. Phase II implementation did not begin until November 1999 with the initial efforts to migrate TALON data to CLASS for two judicial districts, about 8 months after the data migration for the remaining 87 USAOs was supposed to be completed. Overall, as of October 1, 2000, implementation of CLASS was 18 months behind schedule and DCM management could not provide us with a realistic date for when CLASS would be fully implemented.

According to estimates prepared by DCM, as of October 1, 2000, the delay in implementing CLASS has cost more than $4.6 million. Of the $4.6 million, about $900,000 was for direct payments to the CLASS contractor for such items as maintaining the use of trainers, computer equipment, and training space during the delay period. The remaining $3.7 million is characterized by DCM as "lost opportunity" costs. Lost opportunity costs represents the estimated costs of staff time that would have been freed up to

use on other debt collection activities if CLASS had been implemented on schedule. The estimate also showed that each additional month the system is delayed will cost the Department $403,053. About $29,000 of the monthly delay costs are payments to the CLASS contractor and the remaining amount is for the lost opportunity costs as stated above.

Disagreements between DCM and EOUSA

Although the DCM and CACI are implementing CLASS, the USAOs (under the authority of EOUSA) and the Private Counsel offices are the primary users of the system. EOUSA has expressed reservations about the ability of CLASS to meet the needs of the USAO users and, therefore, is reluctant to replace its TALON system in the remaining 87 USAOs.

During calendar year 1999, DCM and EOUSA held numerous meetings to try and resolve EOUSA's concerns about CLASS. Numerous exchanges of correspondence between DCM and EOUSA also occurred subsequent to the meetings. While DCM appeared to make progress towards resolving individual issues raised by EOUSA, it did not appear to reduce EOUSA's reluctance to replace TALON with CLASS. After each exchange of correspondence, EOUSA would often repeat some of its previous concerns, as well as relay additional concerns to DCM. As of January 2001, EOUSA was still insistent that CLASS did not sufficiently meet the needs of the USAO users. However, DCM officials believe they have adequately addressed all of EOUSA's significant concerns. As discussed in Finding III, we visited the 7 USAOs in which CLASS has been implemented, as well as 12 of the 18 associated Private Counsel offices, to determine if the system was meeting the needs of the users. While the system has shortcomings that DCM is trying to address, based on our interviews of system users, we concluded that the system is meeting most of the users' critical needs.

Department Direction and Involvement

Since DCM and EOUSA have been working unsuccessfully for more than a year to resolve their disagreements, we discussed with both DCM and EOUSA staff what actions they have taken to raise their disagreements to a higher level so the delay in implementing the system could be resolved. While both DCM and EOUSA informed us that they have kept senior management informed of the progress of CLASS's implementation, neither provided us with documentation to indicate that Departmental management had made it clear that the system would be deployed nationally. We did obtain documentation showing DCM staff briefed the Assistant Attorney General for Administration (AAG/A) in May 2000. At the briefing, the AAG/A expressed the same concerns we have regarding the untimely implementation of the system. After the disputes between DCM and EOUSA over competing debt collection systems had

been unresolved for more than a year, and after we informally communicated our concerns to DCM officials, the AAG/A took action in early December 2000. The AAG/A established a team of independent consultants, referred to as the "Red Team," to perform a study of the systems in use by the USAOs and Private Counsels and to recommend the system that best meets the Department's requirements. The Red Team's report, issued on January 19, 2001, recommended that CLASS be modified and used as the single debt collection system for the Department. After the report was issued, we were informed by DCM officials that the AAG/A and the Director of EOUSA agreed, for the most part, with the recommendations made in the study. However, we have not received documentation to substantiate the statement.

Performance Goals

The GPRA requires federal agencies to develop: (1) a strategic plan that identifies agencies' long-term goals, and (2) annual performance plans that identify the measurable performance goals that agencies will accomplish each year. We found that while DCM had established performance goals related to the implementation of CLASS, the goals had not been met because of the delays in implementing the system. Based on the results of the Red Team's evaluation, DCM's performance goals need to be changed to measure progress of the system through completion.

Recommendations:

We recommend the Assistant Attorney General for Administration:

1. Act quickly to implement the recommendations of the "Red Team" to minimize any further delays in implementing a nationwide debt management system and to minimize the expenditure of additional unnecessary costs.

2. Require the DCM to revise its performance goals based on management actions taken as a result of the "Red Team's" evaluation, and to implement steps to achieve those goals.

II. PROBLEMS OCCURRED IN MIGRATING DATA, DOCUMENTING TIMELINESS OF DATA INPUT, AND REPORTING DEBTS COLLECTED

We found that, during the initial implementation phase, non-financial data was not accurately migrated from TALON to CLASS in two districts. Upon disclosing the errors to CACI, it took prompt action to correct the data and the program deficiency that caused most of the errors. In addition, we found that timeliness of entering debt-related data into CLASS by the Private Counsel offices could usually not be determined because the offices were not required to, and did not, date stamp incoming documents. We also identified material discrepancies in DCM's and EOUSA's reports on debts collected.

Migrating Data from TALON to CLASS

In November 1999, DCM and CACI began the process of migrating data in two USAOs from the TALON system to CLASS. As of March 9, 2000, CACI had migrated the non-financial data from TALON to CLASS for 6,849 debt cases assigned to the two districts. CACI's efforts in these two USAOs were the first attempts to migrate TALON data to CLASS. We judgmentally selected 20 of the cases and compared the data in CLASS after the migration to the data in TALON. We found errors in the migrated data for 11 of the cases reviewed. The types of errors included: (1) incomplete phone numbers and social security numbers; (2) unsupported numbers in the CLASS database for certain fields; and (3) the inclusion of two TALON criminal cases, which should not have been included in the civil debt database. While our sample was relatively small, the majority of the errors found were systemic in nature as they primarily resulted from programming errors. Specifically, some CLASS data fields allowed fewer characters than the corresponding TALON data fields. Therefore, when the TALON data was migrated to CLASS, the TALON data was truncated to fit into the smaller CLASS data fields, thus rendering the migrated data inaccurate. When we advised CACI of the errors, CACI took prompt actions to correct the errors in the migrated data, as well as to correct the deficiency in the software program used to migrate the data.

Timeliness of Data Entry by Private Counsel Offices

The contract between the Department and the Private Counsel offices requires that users enter judgment dates, interest dates, and complaint dates into the CLASS system as they occur. Private Counsel offices that do not provide timely information are subject to financial sanctions up to and including termination of the contract. We visited 12 of the 18 Private Counsel offices that had implemented CLASS and attempted to determine whether debt-related data was being timely entered into the system. Three of the 12 offices did not have any current CLASS cases to test. Of the remaining nine offices,

eight did not record when incoming documents were received. As such, a calculation of the time from document receipt until data input could not be made. For the one office that recorded when incoming documents were received, we tested 50 collection-related documents and found the office entered data late at least 82 percent of the time. The number of days late ranged from 1 to 181, and averaged 64 days. Additionally, staff from several Private Counsel offices stated they usually do not enter all pertinent data into CLASS's data fields. Specifically, information that precedes the actual judgment date, such as the complaint filed date or the date the complaint was served on the debtor, is not entered. Pre-judgment dates were deemed unimportant by counsel's staff. However, a DCM official stated that it is important to have these dates in the system in case management of the debts has to be referred to another collection authority.

We advised a senior DCM official of the problem we had determining whether the Private Counsel offices were timely entering data into CLASS. The DCM official stated she considered it important that information be input accurately and timely. The official explained that Private Counsel offices may change and subsequent collectors must have an accurate, up-to-date picture of collection activities. If the Private Counsel offices do not keep the database current, collection efforts may be degraded by the lack of important and timely information.

Reporting Debts Collected

The DCM gathers, compiles, and distributes a report on total debts collected by Department components and collections deposited into the U.S. Treasury. We noted significant differences between the dollar amounts reported as collected and the amounts reported as deposited in the U.S. Treasury for FYs 1998 and 1999. The following table illustrates the differences.

Differences in Debt Collected and Debt Deposited

	Period Ended 9/30/98	Period Ended 9/30/99
Debt Amount Reported as Collected	$1,221,566,904	$1,596,441,150
Debt Amount Deposited in Treasury	$1,123,016,503	$1,376,652,215
Difference	$ 98,550,401	$ 219,788,935
Difference Accounted For	$ 255,000	$ 0
Difference Not Accounted For	$ 98,295,401	$ 219,788,935

Source: DCM's Financial Litigation Reports for FY 1998 and 1999

DCM could not explain the differences and stated that they make no effort to resolve differences between the amounts reported as collected and deposited on the report. According to the officials, DCM simply aggregates the

collection amounts reported by the various components and prepares summary data for management's information. The officials further stated that the summary financial data would not affect the accuracy of CLASS when data is migrated from TALON because financial information in each debtor case will be individually reconciled before migration is completed. In our judgment, however, collection data reported to senior Department officials should be reconciled, or confirmed as accurate by other means, before the information is disseminated within and outside the Department.

In our review of summary level data at EOUSA, we also noted reporting discrepancies that should be corrected. As detailed in the following table, the debt balance reported on the last day of FY 1998 did not match the beginning balance reported the next day (the first day of FY 1999.) The same type of discrepancy occurred at the end of FY 1999 and beginning of FY 2000.

Differences Between Ending and Beginning Balances

Period Ended	Balance	Period Began	Balance	Difference
9/30/98	$1,633,692,526	10/1/98	$1,535,687,297	$98,005,229
9/30/99	$1,574,372,132	10/1/99	$1,568,634,515	$ 5,737,617

Source: EOUSA

We intend to examine these types of discrepancies in more detail in a subsequent audit.

Recommendations:

We recommend the Assistant Attorney General for Administration:

3. Require DCM to institute procedures, such as date stamping of incoming documents, to enable the verification of whether data is being timely entered into CLASS, and ensure the Private Counsel offices input all required data timely.

4. Require DCM to obtain a certification from the USAOs that they have verified the accuracy of the financial data in TALON before allowing the data to be migrated from TALON to CLASS.

III.   SOME USERS WERE NOT SATISFIED WITH TWO SYSTEM FEATURES

During our fieldwork, we visited the 7 USAOs and 12 of the 18 Private Counsel offices using the CLASS system and found that users were generally satisfied with most of the system features. However, most of the users were not satisfied with system features related to generating documents and managing "joint/several" liability cases. Users in 17 of 19 offices we visited stated the CLASS system was deficient in producing all required documents. While 7 of the 19 offices did not have joint/several liability debt cases, users in 7 of the remaining 12 offices had reservations about the usefulness of the joint/several liability feature.

Generating Documents

The ability of the debt management system to easily generate documents such as initial demand letters, client agency acknowledgment letters, or payment default letters can greatly simplify a debt manager's job. While users in the 7 USAOs and 12 Private Counsel offices we visited used and were satisfied with most of CLASS's features, users in 6 USAOs and 11 Private Counsel offices complained that the document generation feature of CLASS was not user friendly. Users expressed an enormous amount of confusion and dissatisfaction regarding the program's ability to produce needed documents. Some users stated they did not use CLASS because the program did not meet their office's document generation needs. Other users indicated that the up-front resources needed to modify the program's document generation features were too demanding and therefore they chose not to use it. Still other users were concerned about the integrity of the financial data being captured from the database that would be inserted into the system-generated letters. A user in one Private Counsel office stated that her office used the document generation feature exclusively and felt it effectively met their needs. She added, however, that more than a year was needed to modify, test, and gain enough experience with the feature to make it a useable tool in her office.

Joint/Several Liability

Joint/several liability relates to cases where multiple debtors are responsible for the repayment of a single debt. The joint/several liability feature of the system must be capable of: (1) recognizing, recording, and processing a payment by one debtor; and (2) reducing the total balance due from all debtors while not modifying the payment records or payment arrangement of the non-paying debtor(s).

During our fieldwork, we visited 19 offices (7 USAOs and 12 Private Counsel offices) and tested the usefulness of the joint/several liability feature

of the system. The DCM had assured us that earlier shortcomings of the system were addressed and that the feature was operational. Seven of the 19 offices had not used the feature because their caseloads did not include joint/several debtor cases. Users in 7 of the remaining 12 offices stated that while the feature worked, they had reservations about the ability of the feature to be useful. Several respondents stated they believed the feature was very cumbersome and prone to display misleading information. Another user said that only users very familiar with the system could adequately use the feature. Synopses of the comments of the seven users with reservations about the joint/several feature of CLASS are as follows.

Office Visited	User Comments Regarding Joint/Several Liability Feature
Southern District of Florida USAO	Works but needs improvement. Not user friendly. System Is inefficient and displays debt balances differently when comparing screens within the same case.
Eastern District of New York USAO	Works but has problems. Not user friendly. System incorrectly sends out a paid-in-full notice if one of the multiple joint/several debtors pays "their share."
Eastern District of Michigan USAO	Works but is not satisfied. Not user friendly. Must access too many screens to get simple information. System generates multiple statements for each debtor causing the balances to appear inaccurate.
Eastern Michigan Private Counsel #1	Works but technicians must be very familiar with operational aspects of the feature to ensure accurate data is obtained.
Eastern Michigan Private Counsel #2	Works but CLASS uses the same balance for each debtor.
Central District of California USAO	Works but the feature is inefficient. Technicians must enter data for each debtor. Also, technicians are required to modify the primary accounts to close events the system automatically enters.
Central District of California Private Counsel #1	Works but has had only one joint/several case. USAO had to assist in entering data.

Recommendation:

We recommend the Assistant Attorney General for Administration:

5. Require DCM to obtain input from all offices using CLASS about the problems they are having with the document generation and joint/several liability features of CLASS. After receipt and analysis of user input, DCM should take action to ensure these features meet user needs.

OTHER MATTERS

The purpose of this section is to bring to DCM management's attention other matters that we noted during the audit. These matters are not part of the audit report's Findings and Recommendations section because they are not directly related to the audit objective or are less significant in nature. Thus, no response is necessary since this section is for informational purposes only.

DCM's oversight of the CLASS contractor. The contract between the Department and CACI requires CACI to submit periodic reports on system down time and system processing time to DCM. When system down time or system processing time is outside the limits set by the contract, the contractor is required to grant the Department a credit against the amounts paid to the contractor to maintain the system. We found that the contractor had not submitted the required system monitoring reports to DCM and DCM had not taken any actions to enforce the contract terms. However, our on-site reviews at 7 USAOs and 12 Private Counsel offices did not identify any significant problems with system down time or system processing time.

DCM's list of CLASS users. The NCIF maintains a list of Department and Private Counsel users who are currently authorized to access and use the CLASS program. We found the list of active users provided by DCM was not accurate because it contained many individuals who no longer should have access to the system. We found that DCM's list contained 38 users in 17 of the 19 offices we visited that had either left the office or no longer needed access to the system. To no avail, at least 7 of 17 offices had previously contacted DCM to have the unauthorized users removed from the access list.

STATEMENT ON MANAGEMENT CONTROLS

In planning and performing our audit of DCM's implementation of CLASS, we considered DCM's management controls for the purpose of determining our auditing procedures. This evaluation was not made for the purpose of providing assurance on DCM's management controls as a whole. We noted, however, certain matters that we consider to be reportable conditions under Government Auditing Standards.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the management controls that, in our judgment, could adversely affect DCM's ability to effectively manage the implementation of CLASS. As discussed in the Findings and Recommendations section of this report, we found that: (1) DCM was significantly behind schedule in implementing CLASS, (2) civil debt data initially migrated from TALON to CLASS was not accurate, (3) timeliness of data entry could not be determined for Private Counsel offices, (4) summary debt collection reports contained discrepancies, and (5) some users were not satisfied with certain features of CLASS. Also, as discussed in the OTHER MATTERS section, we noted that unauthorized users had not been removed from DCM's list of users authorized access to CLASS.

Because we are not expressing an opinion of DCM's management controls as a whole, this statement is intended solely for the information and use of DCM in managing the implementation of CLASS. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

We have audited the DCM's implementation of the CLASS debt management system. The audit period covered from the award of the contract in May 1998 through November 2000, and included a review of selected activities and transactions. The audit was conducted in accordance with generally accepted Government Auditing Standards.

In connection with the audit and as required by the standards, we reviewed procedures, activities, and records to obtain reasonable assurance about the DCM's compliance with laws, regulations, and Office of Management and Budget (OMB) Circulars that, if not complied with, we believe could have a material effect on program operations. Compliance with laws, regulations, and the contract applicable to CLASS is the responsibility of DCM's management.

Our audit included examining, on a test basis, evidence about laws, regulations, and OMB Circulars. The specific laws and regulations for which we conducted tests are contained in the relevant portions of:

- OMB Circular A-125, Prompt Payment Act
- Department of Justice Order 2640.2C
- Debt Collection Act of 1996
- Government Performance and Results Act of 1993

Except for instances of non-compliance identified in the Findings and Recommendations section of this report, DCM was in compliance with the laws and regulation referred to above. With respect to those transactions not tested, nothing came to our attention that caused us to believe that DCM was not in compliance with the referenced laws and regulations cited above.

OBJECTIVES, SCOPE, AND METHODOLOGY

We performed our audit in accordance with Government Auditing Standards and, accordingly, included such tests of the records and procedures, as we deemed necessary.

Our objectives were to assess the status of implementation of CLASS and the accuracy and timeliness of the system's civil debt collection accounting. The audit focused on the Office of Debt Collection Management's (DCM) efforts to implement CLASS from the time the contract with CACI-IMS, Incorporated, was awarded in May 1998 through November 2000.

We reviewed applicable federal laws and regulations, DCM directives and reports, and other documents related to the implementation of CLASS. We also interviewed DCM and Executive Office for the United States Attorney officials involved in implementing CLASS.

To determine the adequacy of DCM's efforts to implement CLASS, we also performed on-site reviews at 7 United States Attorneys Offices (USAOs) and 12 of the 18 Private Counsel offices in which CLASS was being used. A list of the offices we reviewed follows:

United States Attorneys Offices
Eastern District of Michigan, Detroit, MI
District of Columbia, Washington, DC
Central District of California, Los Angeles, CA
Northern District of California, San Francisco, CA
Eastern District of New York, Brooklyn, NY
Southern District of Texas, Houston, TX
Southern District of Florida, Miami, FL

Private Counsel Offices
Holzman & Holzman, Southfield, MI
Shermeta, Chimko & Kilpatrick, Rochester Hills, MI
Mauro & Associates, Washington, DC
Herbert A. Rosentahl, Washington, DC
Irsfeld, Irsfeld & Younger, Glendale, CA
Michael Cosentino, Esq., Alameda, CA
Goldsmith & Burns, Tarzana, CA
Hayt, Hayt & Landau, Garden City, NY
Sharinn & Lipshie, Garden City, NY
Alonso & Cersonsky, P.C., Houston, TX
Bennet & Weston, P.C., Dallas, TX

David Newman, Esq., Miami, FL

At the USAOs and the Private Counsel offices, we interviewed CLASS system users and office supervisors to determine if either had experienced:

- problems with data entry, reliability, storage, or retrieval.

- unexpected costs or modifications to its office software or hardware in order to make CLASS operational.

- unscheduled down time of the CLASS system.

- slow system response times when entering or updating data, or when generating reports.

- problems with CLASS's ability to generate the documents needed to take collection actions.

- problems with CLASS's joint/several liability feature.

- problems where CLASS did not provide adequate edits and quality control functions.

- problems with CLASS's ability to calculate installment payments correctly.

At the USAOs and Private Counsel offices, we also reviewed documentation to determine if:

- guidance and training on the use of CLASS were provided to system users.

- the National Central Intake Facility help desk responded to user requests in a timely manner.

- the list of system users maintained by DCM matched the actual users in the field.

- data was accurately and timely entered into CLASS.

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS[4]	AMOUNT	PAGE
Estimated Additional Costs of CLASS Delays From April 1, 1999 to September 30, 2000	$4,600,000	4

FUNDS TO BETTER USE[5]

Annualized Cost of Additional Monthly CLASS Delays After September 2000 ($403,053 per month times 12 months)	$4,836,636	5

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[4] **QUESTIONED COSTS** are defined as expenses incurred that do not comply with law or other official requirements, or are unsupported by adequate documentation, or are unnecessary or unreasonable for the intended purpose. They can be recoverable or non-recoverable.

[5] **FUNDS TO BETTER USE** are defined as monies that have not been spent that could be more efficiently used in the future if management acts on our findings.

DEPARTMENT OF JUSTICE RESPONSE

U.S. Department of Justice

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Washington, D.C. 20530

JUN - 8 2001

MEMORANDUM

TO: Glenn A. Fine
           Inspector General

FROM: Janis A. Sposato
           Acting Assistant Attorney General
            for Administration

SUBJECT: Comments on Draft Audit Report, "Office of Debt
           Collection Management's Implementation of the
           Collection Litigation Automated Support System"

This responds to your request for comments on your draft audit
report regarding the Office of Debt Collection Management's (DCM)
implementation of the Collection Litigation Automated Support
System (CLASS). I appreciate the opportunity to address the
findings and recommendations provided within this report.

FINDING I. CLASS HAS NOT BEEN TIMELY IMPLEMENTED

Before addressing the recommendations, I would like to correct
certain statements about costs associated with delays in
implementing CLASS made on page ii of the Executive Summary and
on page 4 of the report. The following statement was made on
page 4 of the draft report:

> According to estimates prepared by DCM, as of October 1,
> 2000, the delay in implementing CLASS has cost more than
> $4.6 million. Of the $4.6 million, about $900,000 was for
> direct payments to the CLASS contractor, and the remaining
> $3.7 million was for non-contract costs such as maintaining
> the use of trainers, computer equipment, and training space
> during the delay period. The estimate showed that each
> additional month the system is delayed will cost the
> Department $403,053. About $29,000 of the monthly delay
> costs are payments to the CLASS contractor

and the remaining amount is for the non-contract costs as
stated above.

As stated by the auditors, DCM did provide an estimate valuing
the delay in implementing CLASS at more than $4.6 million as of
October 1, 2000. However, of the $4.6 million, about $900,000
was for direct payments to the CLASS contractor, and DCM clearly
characterized the remaining $3.7 million as estimated "lost
opportunity" costs. Likewise, DCM estimated an additional
monthly delay cost of $403,053, which included approximately
$29,000 in direct contract costs and $374,219 in "lost
opportunity" costs.

Direct costs to the contractor represented costs to maintain
program continuity during this delay period. These costs
included training space, leased computers, and trainers. To
mitigate these costs, DCM used the additional staff resources for
various program-related tasks, including the enhancement of the
training program and user manuals as well as the analysis,
programming and testing of numerous upgrades to the software.

The calculation of "lost opportunity costs" represented estimated
costs of staff time that would have been freed up for other debt
collection activities if CLASS had been implemented on schedule.

It is important to note, however, that "lost opportunity" costs
can be difficult to measure and that these theoretical costs do
not equate to funds actually expended by the government. While
we fully expect to realize savings once CLASS is implemented, the
lost opportunity calculation is illustrative of the potential for
savings rather than a quantification of actual losses. Further,
time spent on improvement of CLASS during the delay period has
allowed us to add features that will enhance the estimated
resource savings.

Thus, we believe that the statements on pages ii and 4 of the
report are subject to misunderstanding and should be clarified
prior to release of the final report.

Recommendations:

"We recommend the Assistant Attorney General for Administration:

1. Act quickly to implement the recommendations of the Red Team to minimize any further delays in implementing a nationwide debt management system and to minimize the expenditure of additional unnecessary costs.

2. Require the DCM to revise its performance goals based on management actions taken as a result of the Red Team's evaluation, and to implement steps to achieve those goals."

Response to Recommendation 1:

I agree with the need to minimize delays in implementing a nationwide debt management system and we will implement the recommendations that are consistent with the goal of providing an automated system that meets the Department's and the users' needs. A number of steps have already been taken to ensure the successful implementation of CLASS.   First, Stephen R. Colgate issued a memorandum on March 7, 2001 (attached), to the Heads of Litigating Divisions, informing them of the intent to implement CLASS as the Department of Justice's single debt collection system.   Also, on March 7, 2001, Mark Calloway, Director, Executive Office for U.S. Attorneys (EOUSA), and Stephen R. Colgate, Assistant Attorney General for Administration jointly issued a memorandum (attached) to all United States Attorneys, all Civil Chiefs, all Financial Litigation Supervisors, and all Justice Management Division Senior Staff, providing an overview of the Red Team findings and discussing the plans for implementing the findings.

A Board of Directors, chaired by the Deputy Assistant Attorney General for Information Resources Management, JMD, has been created to oversee the evolution and deployment of CLASS.   The Board will play a continuing roll in resolving inter-component management issues, and will have the final authority over changes to the system.

A CLASS User Group, chaired by the Principal Deputy Director, EOUSA, has been created. This group will provide recommendations from the user perspective for future modification and or enhancement of CLASS.

A CLASS Configuration Control Board, chaired by DCM and monitored by the Deputy Assistant Attorney General for Information Resource Management, JMD, has also been created. This board will review system modifications proposed by the user's group and others.

It is also important to note that a significant finding of the Red Team was that the Board of Directors needed active participation by the Deputy Assistant Attorney General for Information Resources Management. As a direct result of that participation, an architectural analysis of the system will be conducted. This analysis will determine if the current architecture is suitably stable and expandable for its intended user base, ensure the architecture is flexible enough to easily adapt to changing requirements, and propose suggestions for improving the architecture.

The CLASS Board of Directors recently became aware that a new release of the underlying CLASS commercial product is in development. The new release contains many of the features that CLASS customers have been seeking. The Board decided that deployment of the new version would be preferable and we should pursue that possibility before continuing deployment of the old version in the U.S. Attorneys Offices.

Response to Recommendation 2:

DCM is in the process of revising its performance plan. The goal for implementing CLASS will be revised to mirror the agreed upon deployment schedule. A copy of the revised plan will be sent to you once it is completed.

FINDING II. PROBLEMS OCCURRED IN MIGRATING DATA, DOCUMENTING TIMELINESS OF DATA INPUT, AND REPORTING DEBTS COLLECTED

The draft report includes a summary finding of problems in the early migration of non-financial data from TALON to CLASS in

two districts. The auditors point out that errors found were
promptly corrected by CACI.

The migration programs that created those errors were refined
many times after the date the auditors tested a sample of the
migrated data. The current migration process includes a detailed
audit comparison of individual data fields in addition to a
complete financial audit and reconciliation. As of this date,
data from two TALON districts have been successfully migrated
into CLASS.

The draft report mentions discrepancies in DCM's Financial
Litigation Reports for FY 1998 and 1999. Specifically
discrepancies were found in the amounts reported by components as
collected versus amounts reported as deposited, and discrepancies
were found in summary level data reported by EOUSA.

First, I would like to point out that the Financial Litigation
Report was established as a mechanism for reporting
Departmentwide debt collection information as an interim measure
until all Department components were on one system. Components
were directed to report accurate data to DCM to be compiled in a
single report. Even though we established reporting criteria
that would in theory provide consistency in reporting, we were
well aware at the time that the accuracy of the data would be
affected by differences in how each component captured data
within its own system, and that there would be some double-
counting of dollars for cases shared between reporting
components.

In addition to compiling the data received by the various
components, DCM takes additional steps to balance to cash
actually reported as deposited to the U.S. Treasury. Also, DCM
requests that EOUSA and the Civil Division coordinate in
reporting dollars double-counted on cases where they pool
resources. DCM makes adjustments to the report to reflect the
double-counting reported by these components.

Once all components have migrated to CLASS, accurate
Departmentwide data will finally be available from one system.
Cash reconciliation is not a problem on CLASS since payments
posted on CLASS are reconciled to cash deposited with Treasury on
a daily basis. Also, double-counting will no longer be an

issue because multi-office cases will exist only once on the system with the appropriate offices sharing access to the data.

The auditors intend to examine the discrepancies found in the Financial Litigation Report in a follow-on audit. DCM welcomes any suggestion for improvement in the accuracy of reporting Departmentwide debt collection data and will work cooperatively with the auditors in this effort.

Recommendations:

"We recommend the Assistant Attorney General for Administration:

3. Require DCM to institute procedures, such as date stamping of incoming documents, to enable the verification of whether data is being timely entered into CLASS, and ensure the Private Counsel offices input all required data timely.

4. Require DCM to obtain a certification from the USAOs that they have verified the accuracy of the financial data in TALON before allowing the data to be migrated from TALON to CLASS."

Response to Recommendation 3:

I agree with the recommendation to verify that data is being timely entered in CLASS by Private Counsel offices. The following reports are now available to the NCIF staff and are reviewed on a regular basis for timely entry of information.

1)   Report of timely entry of complaint and judgment filing activity. This report uses "background audit date stamps" generated by the system when complaint filing dates or judgment dates are entered in the system. The report provides us with the date of the legal action entered in the system by private counsel as well as the system date stamp, which allows us to determine how much time passed between the actual court filing date and the entry of that date into the system. This system feature eliminates the need to require private counsel to date stamp incoming documents, and provides us with tamper proof information on the timeliness of data entry.

2) Report on claims that have been in a "900" case closing status (ready for closing) more than 30 days, but do not reflect the completion of closing activities, including the final entry of a disposition code (which moves the case to the dead file).

3) Report on claims that have reflected a zero balance for more than 30 days, but do not yet reflect the completion of closing activities, including the final entry of a "paid in full" disposition code.

There are a number of other reports that DCM uses to monitor the entry of information on CLASS by Private Counsel. The following list of reports available on the CLASS report menus, are generated on a regular basis and submitted to the Private Counsel offices for case corrections and/or explanation, when necessary.

1) Complaint Filed but not Served
2) Complaint Served but no Judgment
3) Open Judgments with No Activity
4) New Cases Assigned
5) Collections Aging Report
6) Debtor Status Report
7) Claims Closed Report
8) Open Judgments with No Payments
9) Lien Filing Report

A DCM staff member now has the responsibility for Private Counsel oversight. In addition to monitoring entry of information on CLASS through the reports mentioned above, on-site inspections are conducted to ensure compliance with contract provisions. One of the inspection tasks is to sample information contained in case files and compare the information to activities and statuses recorded in CLASS. We believe these measures will be a productive step in obtaining compliance by Private Counsel offices.

We believe that these efforts meet your expectations and will close this recommendation.

Response to Recommendation 4:

EOUSA has asked for periods of time ranging from 2-6 weeks, depending upon the size of the office, to allow the local USAOs to verify their data on TALON prior to migration to CLASS. The verification process will include a review of each case file to determine that information in TALON is complete and accurate.

In addition, a set of procedures for the migration of data from TALON to CLASS has been coordinated with EOUSA. These procedures include the validation of data by both EOUSA and DCM throughout the pre-migration process. A complete test migration of data, including the generation of all associated audit reports, is conducted for each site approximately 1 month prior to the final migration to ensure that no discernable errors exist.

We believe that these efforts meet your expectations and will close this recommendation.

FINDING III.   SOME USERS WERE NOT SATISFIED WITH TWO SYSTEM FEATURES

Recommendation:

"We recommend the Assistant Attorney General for Administration:

5.   Require DCM to obtain input from all offices using CLASS about the problems they are having with the document generation and joint/several liability features of CLASS. After receipt and analysis of user input, DCM should take action to ensure these features meet user needs."

Response to Recommendation 5:

The joint and several liability feature of CLASS was reprogrammed and released to users in March of 2000. This upgrade was based on user input and significantly changed the way these cases are tracked and accounted for in the system. Users now express satisfaction with the enhanced feature.

From the time CLASS was initially installed, DCM has routinely assessed and updated the document generation feature in an effort to enhance its user-friendliness. A team of document generation specialists has been created to assist each office in learning the document generation process, tailoring any necessary documents based on the requirements of the local jurisdiction, and becoming more comfortable with the overall process. To date, this team has visited seven of the nine existing CLASS districts, and has received positive feedback on the document generation feature. In addition, statistics show an increase in the use of this system feature. Plans have been made to visit the last two CLASS districts and visit each new office as a part of the post-implementation process. In addition, as with any software product, DCM expects to continue to solicit user feedback and implement further improvements.

We believe that these efforts meet your expectations and will close this recommendation.

OTHER MATTERS:

Other Matters - DCM's oversight of contractor:

The auditors found that the Nationwide Central Intake Facility (NCIF) contractor had not submitted required system monitoring reports. Two reports required by the CLASS contract, System Downtime report and Performance and Availability report, are now being generated by a utility tool and delivered to DCM on a monthly basis.

Other Matters - DCM's list of CLASS users:

The auditors found discrepancies in the list of active system users. The NCIF investigated this finding and found that although the list included users who were not active on CLASS, the system security profiles for those individuals had been timely removed from the system. A reconciliation of authorized CLASS users to the list has been completed, and the list is now being kept up to date as new users are added and deleted. In addition, a new CLASS Access Request Form has been created and put in place to ensure that for each new user a signed request form is available on site at the NCIF.

CONCLUSION:

Thank you for the opportunity to comment on this report. We
generally agree with your findings and as noted have already
implemented or are in the process of implementing the
recommendations. I look forward to your continued interest in
the Departmentwide deployment of CLASS.

Attachments

MAR - 7 2001

MEMORANDUM FOR HEADS OF LITIGATING DIVISIONS·

FROM: Stephen R. Colgate
          Assistant Attorney General
            for Administration

SUBJECT: CLASS System Implementation

This is to inform you of the status of the implementation of the CLASS System as the Department of Justice's single debt collection system.

The Justice Management Division (JMD) and the Executive Office for United States Attorneys (EOUSA) recently undertook a cooperative Red Team Review of the CLASS and TALON systems to determine the alternative that best meets Department of Justice requirements. Representatives of your components were interviewed and participated in the briefings of the Red Team. I have adopted the recommendation of the Red Team to implement the CLASS system.

The attached memorandum from me and United States Attorney Mark Calloway, Director of the Executive Office for United States Attorneys, provides details on the findings of the Red Team and our approach in implementing this decision.

Ken Zwick, the Executive Officer of the Civil Division will represent the litigating divisions on the Board of Directors. Additionally, Lynne Holbrooks, Principal Deputy Director of the Executive Office for United States Attorneys, will chair a Users' Group and your division will be invited to participate as active members of this group.

I ask your cooperation in this project. I am confident of our joint ability to successfully complete the deployment of the CLASS system to provide the Department of Justice with one debt collection system. If you have any specific questions, please contact Therese McAuliffe or Linda Burek.

Attachment

Washington, D.C. 20530

MAR - 7 2001

MEMORANDUM

TO: ALL UNITED STATES ATTORNEYS
        ALL CIVIL CHIEFS
        ALL FINANCIAL LITIGATION SUPERVISORS
        ALL JUSTICE MANAGEMENT DIVISION SENIOR STAFF

FROM: Stephen R. Colgate
        Assistant Attorney General for Administration
        Justice Management Division

        Mark T. Calloway
        Director
        Executive Office for United States Attorneys

SUBJECT: CLASS System Implementation

The Justice Management Division (JMD) and the Executive Office for United States Attorneys (EOUSA) recently undertook a cooperative Red Team Review of the CLASS and TALON systems to determine the alternative that best meets Department of Justice requirements. We have adopted the recommendation of the Red Team to implement the CLASS system. This memorandum provides an overview of the Red Team Review, the findings, and our decisions related to this initiative.

Overview of the Purpose and Findings of the Red Team

Before converting non-private counsel districts from TALON to CLASS, JMD and EOUSA senior management decided to ask a team of independent consultants (i.e., a Red Team) with management, technical and debt collection expertise to review the CLASS and TALON systems. The Red Team undertook this extensive review over a five week period that included reviewing documentation and conducting over 66 interviews with several United States Attorneys' Offices (USAO), JMD, and other personnel involved in the debt collection process. The Red Team then performed an

other personnel involved in the debt collection process. The
Red Team then performed an analysis of this data by comparing
it against business and management objectives. The business
and management objectives the Red Team used in its analysis
were provided by JMD and EOUSA. The debt collection system
the Department chooses to use must:

1.   Support the Government's business objective of maximizing
      net debt collections;

2.   Support both civil and criminal debt collections while
      supporting management's ability to track the status of
      debt collections;

3.   Support the currently established business rules of the
      USAOs for the processing, tracking and enforcement of
      civil and criminal debt collections;

4.   The systems and their processes should be easy to use and
      understand, provide the user with efficient and effective
      methods for tracking federal debt collection activity,
      and provide flexibility in connection with the
      enforcement of federal debts;

5.   The system needs to interface with several other systems;

6.   The systems must aggregate, compile, and inspect debt
      collection cases, process and performance data across all
      of the DOJ components and private counsel. Data must be
      consolidated at regular intervals and in response to ad
      hoc inquiries. Data managers, client agencies and
      authorized third parties must have access to the systems'
      data.

After considering these critical objectives and
researching both systems, the Red Team recognized that both
CLASS and TALON systems had accomplishments. They concluded
that while TALON is currently easier to use than CLASS,
experienced CLASS users have little difficulty using that
system and that it can be made easier to use and the training
can be improved. One significant and persuasive observation
that the Red Team made is that CLASS, unlike TALON, provides
an automatic audit trail of entries that helps ensure
financial integrity. Additionally, it was concluded that the
CLASS system could be easily adapted to support criminal debt

collection while TALON would require architectural changes to support debt collection by private counsel.

Implementation of Red Team Recommendations

The Red Team concluded, and we agree, that CLASS should be used as the single debt collection system for all components of the Department of Justice. It is intended that the current version of CLASS, with some minor adjustments, will be deployed to all USAOs during the remainder of this calendar year and that EOUSA and users will be thoroughly involved in the planning and scheduling of the CLASS deployments within the USAO community. It is further intended that CLASS will be enhanced through new releases to meet the business and management objectives outlined by the Red Team. In implementing this decision, we agreed that the following actions will be taken:

1. A Board of Directors will be created to oversee the evolution and deployment of CLASS. The Board will be chaired by the Deputy Assistant Attorney General for Information Resources Management, JMD. The Principal Associate Director of EOUSA will serve as the United States Attorneys' representative on this board, the Deputy Assistant Attorney General, Controller will be representing JMD, and the litigating divisions will be represented by the Executive Officer of the Civil Division. The Board of Directors will approve the CLASS deployment plan, play a continuing role in resolving inter-component management issues, have the final authority over changes to the system, and will oversee the establishment of a working group to identify system requirements for CLASS to support criminal debt collection.

2. A CLASS User Working Group will be created and chaired by the Principal Deputy Director, EOUSA. This group will ensure that any future modifications of CLASS reflect the needs of the users. The user group will (a) review users' requests and prioritize them for system upgrades, (b) monitor training, systems support and Help Desk responsiveness, and (c) act as the liaison with Debt Collection Management (DCM) on systems deployment. Members will include DCM, Financial Litigation Unit

(FLU) agents from the field and representatives of the litigating divisions.

3. The CLASS Configuration Control Board (CCB) will be chaired by DCM and monitored by the Deputy Assistant Attorney General for Information Resource Management, Justice Management Division. The Chief Information Officer of EOUSA, will represent EOUSA on this board. The role of the CCB is to review systems modifications proposed by the CLASS User Working Group and others and develop technical requirements for new releases of CLASS. EOUSA will have the responsibility for testing each CLASS release to ensure that it is compatible with the other applications running on the JCON desktop. Likewise, litigating division's IT staff will have the same opportunity. Changes that affect system functionality, cost, or the contract will be referred to the Board of Directors for final approval.

Deployment of CLASS to all United States Attorneys' offices and all litigating divisions will begin as soon as the deployment plan is approved by the Board of Directors. Nine United States Attorneys' offices already use CLASS for civil debt collection.

The criminal portion of CLASS will be developed and deployed as soon as possible. The CLASS User Working Group will actively participate in the development of system enhancements for CLASS functionality to meet criminal debt collection and processing needs. This portion of the system enhancement is dependent upon funding availability. It is anticipated that there will be some period of time when USAOs will continue to use TALON for criminal debts until that portion of the CLASS system is ready for deployment. In the meantime, CLASS will replace the civil debt collection tracking that is currently being done on the TALON system.

We are confident of our joint ability to successfully complete the deployment of the CLASS system and to provide the Department of Justice with one debt collection system. Likewise, we are fully committed to this effort and will

ensure that each of our components are focused on the end result. We thank you for your continuing patience and cooperation during this important project. If you have any specific questions, we invite you to contact any of the individuals listed in this memorandum, or to contact us.

**OFFICE OF THE INSPECTOR GENERAL, AUDIT DIVISION, ANALYSIS
AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT**

Recommendation Number:

1.   **Resolved.** This recommendation can be closed when we receive
     documentation to show a deployment plan has been established for
     implementing the Collection Litigation Automated Support System
     (CLASS) nationwide to all Department of Justice components.

2.   **Resolved.** This recommendation can be closed when we receive
     documentation showing the Office of Debt Collection Management has
     revised its performance goals based on the nationwide deployment plan
     for CLASS.

3.   **Closed.**

4.   **Closed.**

5.   **Closed.**